Forget Tesla (NASDAQ:TSLA): Keep it Boring and Snore Your Way to a Rich Retirement

Description

You don't need to risk your wealth on sexy growth stocks to punch your ticket to a prosperous retirement.

In fact, it may be a wiser idea to take a page out of Warren Buffett's right-hand man Charlie Munger's playbook. The man is all about buying stocks and sitting on your bum (and your hands) for years, if not decades, at a time. Sure, buy-and-hold investing has lost popularity with young technology-savvy Robinhood investors, but I believe it's still one of the best ways to grow your wealth without getting in your own way.

The wider the moat and the more boring the company, the better.

Tesla's Elon Musk may think that moats are boring. But through the eyes of Buffett and Munger fans, sometimes boring is beautiful.

Boring can be beautiful, too!

Boring, wide-moat businesses with predictable earnings trajectories and resilient operating cash flow streams are the type of companies you can hold through any unprecedented, unpredictable market environment and still sleep like a baby.

With defensive dividends and a lower correlation to the broader equity markets, bond proxies like **Fortis** (TSX:FTS)(NYSE:FTS) and **Hydro One** (TSX:H) are probably the places you want to be if you're a conservative investor, or a someone who's hoarding a bit too much cash in near-zero interest rate savings accounts. Even if you're a beginner investor who's new to the game, such snore-worthy dividend stocks are a smooth ride to a comfortable retirement.

No, they won't make you filthy rich in a month, a quarter, or year. But if held in a Tax-Free Savings Account (TFSA), through the power of long-term tax-free compounding, you can set yourself up for a very fruitful retirement in 20 or 30 years from now.

Fortis

Fortis is probably a stock that many retirees own for the mix of income, growth, and below-average volatility. FTS stock doesn't have the potential to skyrocket into the stratosphere like Tesla on news of a breakthrough technology. Fortis is a company that's so predictable that there is little to no room for surprises, either to the upside or the downside.

You'll get a 3.6% yield from Fortis, which is modest by today's standards. But at the very least, you'll have a smooth road to retirement over the long run, as Fortis stock has held its own in past recessions and will likely face dampened downside in this crisis and the next one.

Fortis's highly regulated operating cash flow streams make the company's quarterly results a snooze. There's not much room for shock and awe, so you probably won't find the name making headlines regularly. Fortis stock is a boring investment that's a great way to get TSX-crushing results over the long run, with recessions, depressions, crashes, and corrections all taken into consideration.

Hydro One

Hydro One (TSX:H) is taking "boring" to another level. The company has a virtual monopoly over Ontario's transmission lines. The stalwart has had its fair share of struggles growing, but with one of the most robust operating cash flow streams out there, Hydro One stock is probably the closest thing to a bond proxy in the world of "risky" assets.

When you look at Hydro One as a stock, it looks not only dull but downright inferior to most other utility stocks out there. When you compare the stock next to any bond, though, Hydro One starts looking like a must-buy.

The 3.7%-yielding dividend is nothing to write home about. Still, if you're an investor who's looking for stability beyond unattractive fixed-income securities, Hydro One is in a league of its own, and its dividend is the closest thing to a guarantee you'll get outside of the world of "risk-free" assets.

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2. TSX:FTS (Fortis Inc.)
3. TSX:H (Hydro One Limited)

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